



*United States Senate*  
**Committee on Small Business  
and Entrepreneurship**

*Olympia J. Snowe, Chair*

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**Snowe Introduces Bill to Make Expensing Permanent for Small Businesses**  
*Legislation Will Create Jobs and Grow the Economy*

Washington, DC - Senator Olympia J. Snowe (R-Maine), Chair of the Senate Committee on Small Business and Entrepreneurship and senior member of the Senate Finance Committee, today introduced the "Small Business Expensing Permanency Act of 2005," (S. 1523) legislation that permanently extends the amount of new investments a business can expense.

"We need to provide critical incentives for small businesses to invest in new technology, expand their operations, and most important, create jobs. Small businesses are the engine that drives our nation's economy and I believe this bill strengthens their ability to lead the way," said Senator Snowe. "With small businesses representing 99 percent of all employers and employ 51 percent of the private-sector workforce, their size is the only 'small' aspect about them. As the Chair of the Senate Committee on Small Business and Entrepreneurship, I drafted this bill in response to the repeated requests from small businesses in my State of Maine and from across the nation to allow them to expense more of their investments like the purchase of essential new equipment."

Snowe's legislation makes permanent the increased expensing for small businesses enacted in 2003. The amount of new investment a business can expense, or deduct, from income in a given year was increased from \$25,000 to \$100,000. In addition, the amount of total investment a business can make in a year and, still qualify for expensing under the IRS Code, increased from \$200,000 to \$400,000. These expensing provisions were originally scheduled to expire in 2005. Snowe succeeded in getting these provisions extended through 2007 as part of the American Jobs Creations Act of 2004.

"My bill is a win-win for small businesses and the economy as a whole," said Snowe. "I urge my colleagues in the Senate to join with me in supporting legislation to rightly support our small businesses in a common-sense manner."

Senator Snowe noted the bill achieves two important objectives. First, qualifying businesses will be able to write off more equipment purchases today, instead of waiting years to recover their costs through depreciation. That represents substantial savings both in dollars and in the time small businesses would otherwise be forced to spend complying with complex depreciation rules. Moreover, new equipment contributes to continued productivity growth in the business community, which Federal Reserve Chairman Alan Greenspan has repeatedly stressed is



essential to long-term economic growth and job creation.

Second, more businesses will qualify for this benefit because the phase-out limit will be made permanent at \$400,000 in new equipment purchases. This will occur at the same time small business capital investment pumps more money into the retail-sector of the economy.

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